

NOTICE OF HEARING

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico, through its Oil Conservation Division, hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 a.m. on **February 22, 2018**, in Porter Hall, 1st floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **February 12, 2018**. Public documents can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. A party who plans on using projection equipment at a hearing must contact Ms. Davidson seven business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

Case No. 15983: Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's four proposed initial wells:

- The proposed **Spud Muffin 30-31 Fed Com 731H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4 SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 30-31 Fed Com 732H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4 SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 31-30 Com 733H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4 SW/4 of Section 30 (Unit K);
- The proposed **Spud Muffin 31-30 Com 734H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4 SW/4 of Section 30 (Unit K).

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision,

designation of Devon Energy Production Company, L.P. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Case No. 15984: Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SE/4 of Section 30 and the E/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's four proposed initial wells:

- The proposed **Spud Muffin 31-30 735H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 31 (Unit O) to a bottom hole location in the NW/4 SE/4 of Section 30 (Unit J);
- The proposed **Spud Muffin 31-30 736H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 31 (Unit O) to a bottom hole location in the NW/4 SE/4 of Section 30 (Unit J);
- The proposed **Spud Muffin 31-30 737H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 31 (Unit P) to a bottom hole location in the NE/4 SE/4 of Section 30 (Unit I);
- The proposed **Spud Muffin 31-30 738H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 31 (Unit P) to a bottom hole location in the NE/4 SE/4 of Section 30 (Unit I).

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Case No. 15985: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order (1) creating a non-standard 160-acre oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Section 18, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Gravel Grinder Fee 28-28-18 TB 6H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles northwest of Loving, New Mexico.

Case No. 15986: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the spacing and proration unit located within the W/2 of Section 18, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This proposed non-standard spacing and proration unit will be the project area for the **Gravel Grinder Fee 23-28-18 WXY 3H, Gravel Grinder Fee 23-28-18 WXY 10H and Gravel Grinder Fee 23-28-18 WA 5H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of

Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles northwest of Loving, New Mexico.

Case No. 15987: Application of Ameredev Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 233.69-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 27 and the W/2 NW/4 (W/2 W/2 equivalent) of irregular Section 34, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Amen Corner State Com 26-36-27 No. 111H Well**, which will be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 22, Township 26 South, Range 36 East to a standard bottom hole location in the SW/4 NW/4 (Lot 4) of irregular Section 34, Township 26 South, Range 36 East. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameredev Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles southwest of Jal, NM.

Case No. 15988: Application of Centennial Resource Production, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing and proration unit comprised of the W/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Horseshoe Fed Com No. 601H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 18. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Centennial Resource Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles Southeast of Roswell, New Mexico.

Case No. 15989: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 15 and the W/2 NW/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. Said non-standard unit is to be dedicated to applicant's proposed **Dark Canyon 15-22 State Com 3BS No. 4H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 15 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 22. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.

Case No. 15990: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard, 160-acre spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 15 and the NW/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's two proposed initial wells: the **Dark Canyon 15-22 State Com WCB**

No. 2H Well and the **Dark Canyon 15-22 State Com WCA No. 3H Well**. These wells are stacked laterals and will be pad-drilled and batch completed. Both proposed wells will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 15 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 22. The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling each well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.

Case No. 15710 (re-opened): Application of Matador Production Company to re-open Case No. 15710 for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 10, Township 24 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit. The unit is dedicated to the **Tom Matthews 10-24S-28E RB Well No. 223H**. The well is a horizontal well, with a surface location in the SE/4 SE/4 of adjoining Section 9. The first perforation is in the NW/4 SW/4, and the last perforation is in the NE/4 SE/4, of Section 10. The producing interval of the well is orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3.5 miles southeast of Loving, New Mexico.

Case No. 15991: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 32, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to the **Zeppelin 32 W2LI State Com. Well No. 2H**, a horizontal well with a surface location in the NW/4 SW/4, and a bottomhole location in the NE/4 SE/4, of Section 32. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles south of Loving, New Mexico.

Case No. 15821 (re-opened): Application of Kaiser-Francis Oil Company to re-open Case No. 15821 for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the South Bell Lake-Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480-acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

Case No. 15822 (re-opened): Application of Kaiser-Francis Oil Company to re-open Case No. 15822 for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the South Bell Lake-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480-acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

Case No. 15823 (re-opened): Application of Kaiser-Francis Oil Company to re-open Case No. 15823 for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the Southwest Ojo Chiso-Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.

Case No. 15824 (re-opened): Application of Kaiser-Francis Oil Company to re-open Case No. 15824 for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the Southwest Ojo Chiso-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.

Case No. 15992: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Trucker Fed. Com. Well No. 501H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 7, and a terminus in the SW/4 SE/4 of Section 18. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

Case No. 15993: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Trucker Fed. Com. Well No. 502H**, a horizontal well with a surface location in the SE/4 SE/4 of adjoining Section 7, and a terminus in the SE/4 SE/4 of Section 18. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

Case No. 15994: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM.

Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Trucker Fed. Com. Well No. 601H**, a horizontal well with a surface location in the SW/4 SE/4 of adjoining Section 7, and a terminus in the SE/4 SE/4 of Section 18. The producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

Case No. 15995: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Trucker Fed. Com. Well No. 701H**, a horizontal well with a surface location in the SW/4 SE/4 of adjoining Section 7, and a terminus in the SW/4 SE/4 of Section 18. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

Case No. 15996: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 E/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Trucker Fed. Com. Well No. 703H**, a horizontal well with a surface location in the SE/4 SE/4 of adjoining Section 7, and a terminus in the SE/4 SE/4 of Section 18. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 25th day of January, 2018.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**Heather Riley
Director, Oil Conservation Division**

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